

Summary and Analysis
AGRICULTURE FY 2003-04
Public Act 157 of 2003 - Senate Bill 288



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Overview

The Department of Agriculture promotes Michigan agricultural products and protects the public from disease and unsanitary conditions in food production and handling. It regulates product labeling and producer practices for dairy products, animals, and plants, as well as enforcing consumer protection laws in food, standard weights/measures, animal health, plant pests and diseases.

Summary of Major Budget Issues

Major Budget Changes- No funding from the Agricultural Enhancement Fund for has been included. A contingency appropriation from the proposed Agricultural Enhancement Fund, provided for marketing, animal health, and local grant programs was vetoed by the Governor. Federal funds, \$7.3 million, are appropriated to contain the Emerald Ash Borer infestation.

Funding shifts and user fee increases – Restricted funds, fees, inspection fees and testing revenues are increased. The enacted bill does not include the Executive recommendation to shift more than \$2.0 million in Equine Industry Development Fund revenue into administrative and program support line items. Instead, a year-end fund transfer to the General Fund will be made.

Fund Shifts and Transfers – Restricted funding shifts replacing GF/GP funds were made. These adjustments allow the transfer of \$773,300 to the Bovine TB program.

Vetoed – Funding for the Southwest Michigan Tourist Council-Taste of Michigan program, \$15,000, and repairs to the Northwest Michigan Horticultural Station, \$10,000, were vetoed by the Governor.

FY 2003-04 Recommendations

	FY 2002-03 YTD (as of 3/6/03)	Executive	Senate	House	Enacted	Difference: Enacted to 2002-03 YTD Amount %	
IDG/IDT	\$10,960,400	\$10,857,400	10,758,600	10,758,600	10,858,600	(\$101,800)	(0.9)
Federal	6,851,700	6,801,700	6,801,700	14,051,700	14,051,700	7,200,000	105.1
Local	0	0	0	0	0	0	0.0
Private	1,127,600	1,127,600	1,127,600	1,127,600	1,127,600	0	0.0
Restricted	38,335,800	39,053,300	37,065,600	41,135,800	39,733,900	1,398,100	3.6
GF/GP	36,773,700	31,404,000	33,429,000	33,627,000	31,379,000	(5,394,700)	(14.7)
Gross	\$94,049,200	\$89,244,000	89,182,500	100,700,700	97,150,800	3,101,600	3.3
FTEs	635.5	569.0	563.0	563.0	563.0	(66.5)	(10.5)

Note: FY 2002-03 YTD figures do not include the results of any supplementals, contingency transfers, or EO actions that occurred after March 6, 2003.

Major Budget Changes from FY 2002-03 YTD Appropriations:		YTD FY 2002-03 As of 3/6/03	Enacted
1. Agricultural Enhancement Fund (VETOED)		Gross	\$0
Agricultural Enhancement Funds are appropriated in boilerplate Section 224. This funding source, authorized by the legislation permitting the installation of video lottery terminals at Michigan's 7 race tracks, would provide revenue during FY 2003-04. To the extent that funding is available, programs, services, and projects are funded in the following priority order:		Restricted	0
<ul style="list-style-type: none"> Market Development.....\$1,000,000 Bovine TB750,000 Migrant Housing600,000 Local Conservation Districts200,000 Future Farmers of America50,000 		GF/GP	\$0
2. Emerald Ash Borer Program		Gross	\$0
Federal funding for the second year of this program is included. These funds provide funding for eradication efforts in affected areas of southeast Michigan.		Federal	\$7,250,000
3. Restricted Fund Shifts		Gross	\$0
Restricted fund increases would be made in programs where similar General Fund savings could be realized. License and inspection fees will save \$100,000 in the Food/Dairy and Pesticide/Plant Pest Management programs. The Laboratory will save \$100,000 through testing and weights/measures fees. Groundwater/Freshwater Fund and Agriculture Equine Industry Development Fund increases (\$75,000) are made in Environmental Stewardship and Animal Industry, respectively. Building Occupancy Charges would include \$200,000 (Federal) as well, replacing reduced General Funds.		Restricted	475,000
		GF/GP	(\$475,000)
4. New Fees and Fee Increases		Gross	\$83,800,100
New fees and fee increases are included. Estimated revenue increases from these fees are:		Federal	6,639,500
<ul style="list-style-type: none"> Nursery Stock Inspection Fees\$140,000 Private Pesticide Applicator Fees130,000 Metrology Laboratory Testing Fees120,000 Laboratory Analysis Fees50,000 Livestock Dealer/Agent Fees23,800 Pet Shop Fees - <i>NEW</i>17,900 Animal Control/Protection Shelters - <i>NEW</i> 5,200 Horse Riding Stable Licenses 5,000 		Private	1,127,600
		Restricted	38,335,800
		GF/GP	\$36,773,700
5. Redistribution of Equine Industry Development Fund (EIDF)		Gross	\$83,800,100
The Executive budget would have reduced EIDF support in equine programs and redistribute funds to Department programs.		Federal	6,639,500
The enacted budget does not redistribute funds to administrative units. Instead, a fund transfer to GF/GP will made at year end.		Private	1,127,600
		Restricted	38,335,800
		GF/GP	\$36,773,700
6. Elimination of the Regulatory Seed Program		Gross	\$452,000
The Seed Inspection & Testing Program was eliminated. This program was established to assure that seed for sowing meets label guarantees and is weed free.		GF/GP	\$452,000

<u>Major Budget Changes from FY 2002-03 YTD Appropriations:</u>		YTD FY 2002-03 As of 3/6/03	<u>Enacted</u>
7. Reduce Fruit and Vegetable Inspections		Gross	\$1,206,000 (\$300,000)
Funding for fruit and vegetable grading and quality inspections was reduced. Increased reliance is placed on buyer/seller quality control and assurance efforts.		Restricted	570,000 0
		GF/GP	\$636,000 (\$300,000)
8. Local Conservation District Grants		Gross	\$1,856,700 (\$195,500)
Grants to soil conservation districts are reduced. The amount for training grants is reduced from \$130,000 to \$81,200. The remaining savings is absorbed through the Department's distribution formula.		GF/GP	\$1,856,700 (\$195,500)
9. Agricultural Development Program Reduction		Gross	\$0 (\$100,000)
The two line items for Marketing and Agricultural Development are combined. A \$100,000 reduction is made, reflecting administrative efficiencies possible through a reorganization of these two divisions.		GF/GP	\$0 (\$100,000)

Major Boilerplate Changes from FY 2002-03:

Sec. 211. Restricted Revenue Carryforward – DELETED

This section would prohibit the lapse of restricted fund revenue to the General Fund.

Sec. 223. Incentive for Administrative Efficiencies – NEW

Funds may be spent from General Fund lapse from FY 2002-03 administrative efficiencies. Funds could be spent if the proposed spending plan is approved by the State Budget Director and the Legislative appropriations committees.

Sec. 224 Agricultural Enhancement Funding Priorities – NEW – VETOED

Priority for revenue distribution pursuant to the appropriation is provided. Funds would be appropriated from the Agricultural Enhancement Fund if revenue is available.

Sec. 301. Commissions and Boards – MODIFIED

Deleted authorization to make per diem payments to members of Department commissions and boards.